



BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

Subject: Discussion and any necessary action ratifying the lease-purchase agreement with Elite Financing for the purchase of a Vactor Truck through Kinlock and related agreements with Kinlock

Department: Administration

Staff Contact: Cynthia Northrop

Title: City Manager

BACKGROUND INFORMATION:

A Vac truck is a staple piece of equipment the city uses on an almost daily basis for sewer line maintenance, sewer stoppages, etc.; we must have a dependable and working vac truck.

The City of Breckenridge purchased a Kinlock Vactor Truck in 2011. We have spent an increasing amount of time and money on repairs to keep in working order, however, this truck has now reached the end of its life. Recently, we had to take our vac truck to the Kinloch service vendor in Arlington due to extensive repairs that are needed to keep it working. We have been waiting for the repair estimate for 4 weeks and have been advised that it will cost \$175K to repair.

Staff have researched our options to purchase a new vac truck with three different companies and their respective equipment offerings, all of which are on buyboard (which meets city purchasing requirements).

We are requesting the ratification of the processed agreement and will be including this as a budget amendment in Spring when we bring budget amendments for your approval.

Pipehunter	\$ 379,238
Lonestar Municipal Equip.	\$ 538,000
Kinloch	\$ 353,880

The agreement is a mile-after-mile program and is a turnkey lease to purchase. We have the option to buy at the end of 5 years or turn it in and start with a new piece of equipment. The turnkey program is a 'cradle to grave' equipment and operation solution that provides high productivity and low cost of ownership and operation. In other words, the program includes a 5-yr bumper-to-bumper warranty for the equipment plus all repairs and maintenance are

included (except the rudder hose). Additionally, should repairs include downtime they provide a free-of-charge loaner which means there is no downtime for our crews responding to calls for service. This agreement also includes a rental agreement until Kinloch delivers the new Vector.

Staff have two options to finance:

1. Five annual payments of \$71,133 (\$355,665)
2. Sixty monthly payments of \$6,093 (\$365,580)

Staff is recommending payment option #1/Five annual payments.

These figures do not include the trade-in value for our existing vac truck of approximately \$10K.

FINANCIAL IMPACT:

This will be a budget amendment. As a reminder, the W/WW rate increases adopted a few years ago assumed the purchase of two dump trucks, among other ongoing maintenance assumptions, which is one reason our fund balance has been growing. We will still need those, but the dump trucks are working. We must have a vac truck.

STAFF RECOMMENDATION:

Consider ratification of the agreement with Elite Financing for the purchase of a Vector Truck through Kinlock and related agreements with Kinlock.